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*Mail Station ISB250
PO Box 52025
Phoenix, AZ 85072-202*

April 13, 2004

Ms. Jean Gray
Assistant Regional Manager for Power Marketing
Western Area Power Administration
P.O. Box 6457 Phoenix, AZ 85005-7457

Re: Proposed language for Section 12 to Draft Amendment No. 1 (Rev 2, 1/16/2004) to Contract No. 87-BCA-10103 between Western and Salt River Project

Dear Jean:

SRP has reviewed the comments submitted by Ms. Pat Cooper on behalf of AEPCO, Mr. George Caan on behalf of CRC, and those submitted by Mr. Bob Lynch regarding Western's proposed language for Section 12 to the Amendment to the Parker-Davis FES contract. We support and agree with those comments.

As you can tell from comments and discussion to date, this language is of utmost importance to the customers, and we realize it is also of great importance to Western. This suggests the need for continued dialogue in order to achieve a provision with which all parties to this contract can be comfortable, comfortable in knowing and understanding what it means and comfortable in believing it is a provision that is workable and one that all can agree to and live with. SRP does yet feel comfortable with this proposed language.

We understand from comments made by Mr. Tyler Carlson at last week's AMPUA meeting that Western is amenable to extending the comment period and continuing discussion of the Amendment. We certainly appreciate this opportunity.

As you have indicated in your responses to customer comments, you believe this provision is of importance Western-wide. We agree, and therefore want to ensure there is sufficient opportunity for thorough discussion and evaluation of the issues and concerns. It is important this occur now so that Section 12 in the Parker-Davis Amendment will be consistent with language that is developed for Western's GPCPs.

Sincerely,

A handwritten signature in black ink that reads "Mark S. Mitchell". The signature is fluid and cursive.

Mark S. Mitchell
Manager, Power Marketing